

CSX OPERATING AGREEMENT SUMMARY

Parties and Status: CSX Transportation, Inc. ("CSX") and the Commonwealth of Massachusetts acting by and through the Massachusetts Executive Office of Transportation and Public Works ("EOT") and the Massachusetts Bay Transportation Authority ("MBTA") are the parties to this transaction. In October 2008, the parties entered into the Definitive Agreement, which established a two-phased closing process for the Commonwealth to purchase 4 strategic assets from CSX. In order to proceed with the First Closing, the parties still needed to negotiate this Operating Agreement, which included reaching an agreement on liability and indemnity obligations. The parties announced this week that they have agreed upon an Operating Agreement, subject to MBTA Board approval in October.

Assets: All of CSX's right, title and interest in (1) Boston Main Line (Boston to Worcester); (2) Grand Junction Branch; (3) Fall River/New Bedford Lines; and (4) Boston Terminal Running Track, including the West First Street Yard ("BTRT"), subject a reserved freight easement and the terms and conditions of the 2008 Definitive Agreement.

Purchase Price: \$100,000,000, broken down as follows: (a) on signing the Definitive Agreement, a deposit of \$10,000,000 (previously paid in 2008); (b) at the "First Closing", \$40,000,000 to be applied pro rata to the balance of the Purchase Price for the Grand Junction Branch, Fall River/New Bedford Lines, and the BTRT (the "First Closing Assets"); and (c) at the "Second Closing", \$50,000,000 in exchange for delivery of the deed to the Boston Main Line (the "Second Closing Asset").

First Closing: The First Closing is expected to occur in Spring 2010. Based on the successful negotiation of an Operating Agreement, including the resolution of liability and indemnity obligations, the parties must now engage in an extensive due diligence process before the First Closing and receive approval from the federal Surface Transportation Board.

Second Closing: The Second Closing is to occur when CSX relocates at least most of its operations from Beacon Park Yard and all of the Clearance Work, described below, is complete. The Second Closing will provide the Commonwealth with ownership of the Boston Main Line, allowing the MBTA to operate additional trains and assume responsibility for maintenance and dispatch.

Clearance Work: In addition to the Purchase Price, EOT and CSX agree to complete, on or before August 15, 2012, certain work involving the raising of certain bridges or lowering of certain track located along the Boston Main Line between the New York/Massachusetts state line and Westborough.

Liability Resolution: The parties have agreed to a "fault" liability framework for the First Closing Assets. For the portion of the Boston Main Line between Framingham to Worcester, the parties have substantially improved the "no-fault" liability agreement that presently governs this territory through a multi-faceted deal: 1) CSX will pay up to \$7.5 million for injuries or damages arising out of its willful misconduct or punitive damages; 2) CSX will make an annual \$500K payment to the MBTA to defray insurance and liability costs associated with this territory; and 3) CSX and the MBTA will implement safety improvements and service changes to dramatically reduce the risk profile of this line, such as implementing Positive Train Control by 2015.